



## 10. Operating practices

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## Driving responsibility in the Australia and New Zealand supply chain

Our supply chain consists of approximately AU\$500m spend in the ANZ region on products and services, and, globally, a product manufacturing and services supply chain.

Within the region, we updated our procurement policy to embed ethical, social, and environmental principles. This included:

- Complying with the Fujitsu Group Corporate Social Responsibility Guidelines, based on the Ten Principles of the UN Global Compact, The Fujitsu Way, and The Fujitsu Way Code of Conduct, we promote CSR activities with our suppliers based on the following:
  - We proactively seek to procure products and services from suppliers that are Aboriginal and Torres Strait Islander-owned, managed, and controlled (Indigenous enterprise). With this, we aim to generate value within our supply chain, increase opportunities for suppliers who have traditionally been underrepresented in our community, and meet Australian government requirements.
  - Complying with the Fujitsu Group Green Procurement Direction, we promote environmental management and we aim to supply products and services that involve low environmental load and do not contain hazardous substances.

Where ICT is procured for internal use by Fujitsu Australia and New Zealand, the directions in the Australia and New Zealand ICT Sustainability Policy must also be observed:

- We comply with all relevant environmental regulations and actively undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally-friendly technologies.
- Fujitsu supports a precautionary approach to environmental challenges and requires our suppliers to join us in this approach with the establishment and implementation of:
  - an environmental management system relevant to the business
  - reduction of CO2 emissions
  - biodiversity conservation
  - reduction of hazardous chemicals in the manufacturing process.

- We aim to give preference to suppliers who can:
  - design and build products using environmentally-friendly processes and raw materials
  - offer environmentally-friendly packaging
  - provide more energy-efficient and less-polluting products
  - minimise their energy consumption, publicly disclose their environmental impact, offer product stewardship, and consider ease of recycling and disposal.

Fujitsu will continue to work with suppliers to streamline our supply chain and ensure that companies we partner with uphold the same values that we operate within. To achieve this, we updated our ANZ procurement policy annually.

All new suppliers are required to complete due diligence forms which allow us to evaluate whether they meet our required standards. Wherever possible, we will work with small- to medium-sized organisations to drive growth in the local communities we operate in.

## Indigenous procurement: Supply Nation

In line with our procurement policy, Fujitsu proactively seeks to procure products and services from suppliers that are Aboriginal and Torres Strait Islander-owned, managed and controlled (Indigenous enterprise).

With this, we aim to generate value within our supply chain, increase opportunities for indigenous Australians through economic empowerment, and meet the expectations of our customers and communities. As such, we have targets in place for Indigenous enterprise representation in our supply chain and are members of Supply Nation.



As part of our membership of Supply Nation, Fujitsu has access to the Indigenous Business Marketplace, an online portal that makes it easy to source and get quotes from Indigenous suppliers.

We have increased spend with Indigenous businesses from AU\$4.3k in FY16 to AU\$73.1k in FY17. We have set ambitious targets to increase the number of Indigenous businesses in our supply chain and are on track to meet our 2018 target, having doubled the number of Indigenous vendors in our supply chain in 2017.



## Compliance training

Fujitsu undertakes regular compliance training through our iLearn online learning software. Key courses that we have rolled out are shown below with completion numbers (training numbers include Australia and New Zealand permanent staff and contractors only).

Course	Australia	New Zealand
<b>Global Business Standards</b> – provides guidance to all employees as to how we must act to prevent breaches of the law, maintain our high standards of business conduct, and protect Fujitsu's global reputation.	2320 90%	423 78%
<b>Compliance Awareness</b> – this course focuses on three key subject areas: bribery and corruption; antitrust and competition; and export control.	2363 92%	435 80%
<b>The Fujitsu Way</b> – explains our vision, the values we hold, and the principles all employees are expected to follow. This course explores the four core elements that underpin the Fujitsu Way: our corporate vision; values; principles; and code of conduct.	2592 96%	502 91%

## Modern Slavery

Fujitsu Australia and New Zealand is committed to the highest ethical, environmental, safety, and quality standards within our business and in how we engage with our suppliers. To respond to consumers' growing attention to these responsibilities across the product and service lifecycle, we need to understand the corporate social responsibility (CSR) and business continuity management (BCM) practices of our suppliers.

As at September 2017, the Walk Free Foundation's Global Slavery Index estimates:

- more than 40 million people globally are subject to some form of modern slavery and collectively approximately US\$150 billion per year is generated in the global private economy from forced labour alone
- 30,435,300 people in Asia-Pacific Region are 'enslaved' (66.4 per cent of all people enslaved)
- 4,300 people in Australia are enslaved.

Fujitsu welcomes the proposed modern slavery act in Australia, with legislation expected to be passed in the second half of 2018, and reporting obligations beginning in 2019. This will support our ambition of transparency in supply chains as well as acting in accordance with human rights principles.

During FY17, Fujitsu Australia and New Zealand took a number of steps to identify labour issues in our supply chain. We conducted a survey of 70 high-risk/high-value suppliers on their practices regarding human rights, labour, health and safety, and fair-trade standards, as well as other issues such as environmental management and information security.

Following this initial exercise, and consultation with external advisors, we have identified some opportunities for improvement via supply chain due diligence and are working to strengthen our business risk as a result. We have also asked all existing suppliers and any new suppliers to adhere to our supplier code of conduct. We continue to make progress in this area.

INCREASE SPEND  
WITH INDIGENOUS  
OWNED BUSINESS FROM  
\$4.3 TO \$73K



## Governance: Compliance Committee

The Compliance Committee has been created to establish a forum to share compliance incidents and information which supports the compliance program in Fujitsu's business practice. Further, the Compliance Committee will help the company maintain an effective ethics and compliance program, maximise the inherent benefits of such a program, and consistently promote an organisational culture that demands ethical business conduct and compliance with the law.

Transforming our global supply chain requires both transparency and collaboration.

To ensure ongoing sustainable operations, the Fujitsu Group supports and is a signatory to the UN Global Compact's 10 principles in the areas of human rights, labour, the environment, and anti-corruption. Our corporate activities are focused on minimising any negative outcomes for society and we are committed to reviewing and improving our socially-responsible activities. In terms of compliance, we have implemented the Global Compliance Program throughout the Fujitsu Group to firmly establish a corporate culture where all executives and managers continue to lead each employee around the world in an environment with zero tolerance for any wrongdoing.

Fujitsu Group became a member of the Responsible Business Alliance (RBA) in 2017 and adopted the RBA Code of Conduct as the 'Fujitsu CSR Procurement Guideline' in March 2018. Suppliers are subject to the guideline if they provide components, materials, construction services, equipment, software, and so on for use in Fujitsu Group products.

The RBA is a non-profit organisation established in 2004 to support the rights and wellbeing of workers and communities worldwide affected by the global electronics industry supply chain.

It currently has a membership of more than 110 global companies, primarily made up of electronic device manufacturers and other ICT companies but also including retail, automotive, and toy industry-related enterprises.

## Fujitsu Group policy on conflict minerals

The Fujitsu Group regards corporate responsibility with respect to conflict minerals as an important CSR issue and, accordingly, formulated its 'Fujitsu Group Policy on Conflict Minerals' in March 2018. The policy stipulates that the Fujitsu Group shall remove high-risk conflict minerals—those associated with fostering conflict, forced labor, or human rights violations—from its products, components, and supply chain.

Globally we are members of:

- **SHIFT:** Fujitsu is a member of the SHIFT Business Learning Programme. SHIFT is a U.S. non-profit organisation engaged in business and human rights.
- **Business for Social Responsibility (BSR):** Fujitsu is a member of BSR, a global non-profit business network and consultancy dedicated to sustainability.
- **Responsible Business Alliance (RBA, formerly EICC):** Fujitsu considers work environment and conflict minerals within the supply chain as a focus area for our CSR activities. Fujitsu joined the RBA in 2017 and using the RBA Code of Conduct to improve our due diligence processes.
- **Responsible Minerals Initiative (RMI, formally CFSI):** In addition to joining the RBA, Fujitsu is also a member of the RMI and is part of the Japan Electronics and Information Technology Industries Association (JEITA) working group on responsible minerals. We are also working closely with our customers and suppliers to ensure that we have implemented suitable measures in our supply chain.

## Safety across ANZ

At Fujitsu we are committed to the health, safety, and welfare of all people who work for and with our business. Our ultimate objective is to prevent injury and harm. We expect our leaders to communicate their commitment to safety to their people by establishing injury prevention goals and safe work practices.

As part of our continuous improvement plan, our Health & Safety Policy is under review to include increased focus on employee wellbeing.

To enable ease of access to work health and safety (WHS) information, there is a dedicated WHS section on the front page of employee portal (Fujitsu InfoWorld) letting employees access our WHS procedures, training, links, hazard/incident reporting, and more.

## Safety performance

One key performance measure is our lost time injury and frequency reporting (LTIFR) figure. This measures the number of lost-time injuries per million hours worked during an accounting period. The LTIFR for April 2017 to March 2018 (Fujitsu financial year) is 1.96.

Fujitsu has a health and safety management system that applies across all operations in ANZ. The system is based on the standards for safety management systems, OHSAS 18001: 2007. The system is externally certified to OHSAS 18001 - Occupational Health and Safety Management Systems, thus ensuring a consistent and standard approach across the organisation.

## Data security and privacy

In today's information-driven economy, business data can be considered as the reserve currency.

The unprecedented growth in data brings new challenges around storage, accuracy, security, compliance and analytics. This requires higher levels of innovation from the IT sector to protect from cyberattack and ensure data is managed in the most responsible and safe way.

Fujitsu has worked to safeguard data in our organisation and that of our customers. We have a growing portfolio of security solutions and services, protecting business reputation with an intelligence approach.

All companies within the Fujitsu group of companies comply with the Fujitsu Global Information Security Controls Framework. This framework was based on international standards ISO/IEC 27001 and ISO/IEC 27002.

## Cybersecurity

Fujitsu is recognised by our clients as a leading and trusted security partner. This is achieved through the proactive delivery of cyber resilience with the global collaboration of a highly experienced and qualified team.

Fujitsu's services to help protect against constantly-changing threats. We have decades of experience delivering secure information services to a wide client base including Australian federal and state government departments and ASX-200 companies.

Fujitsu can also provide a comprehensive set of solutions to help meet strict regulatory compliance demands, allowing you to focus on your goals and information security risks flexibly and effectively.

## Fujitsu's philosophy: identify, protect, defend, respond

Fujitsu's growing portfolio of security solutions and services is designed to deal with the big picture, providing business leaders with peace of mind that their security is in good hands while they get on with running their business. Fujitsu aims to be the trusted digital security services provider, helping its customers predict and respond to cyberthreats to protect business reputation with an intelligence-led approach.

Our key services lie in three areas:

- predictive intelligent threat detection
- trusted delivery: expert-led professional and managed security services
- global 24x7 monitoring and response.

## Awards

PrivacyMark: Fujitsu has held the PrivacyMark since 2007. PrivacyMark is a certification relating to the handling of private information. The system is operated by the Japan Institute for Promotion of Digital Economy and Community.

## PalmSecure case study

Our PalmSecure™ leading-edge authentication system uses biometric technology that authenticates users based on vein pattern recognition.

**Menzies has deployed Fujitsu PalmSecure to 40 sites, enabling real-time monitoring of employee movements as well as automatic payment and reporting via Inzenius.**

Established in 1969, Menzies is one of Australia's leading privately-owned providers of cleaning and related property services. The company employs over 4,000 employees and turns over almost AU\$300 million annually with operations across all major Australian cities and regional centres. It provides a range of services, including contract cleaning; property and specialist maintenance; security services; manpower and labour hire; and waste and environmental management.

Menzies needs to track and manage thousands of employees across hundreds of client sites. However reconciling employee performance with payroll was taking hours and left room for human error. The company wanted a secure, flexible ID management solution that would integrate with its existing systems.

Menzies has rolled out Fujitsu PalmSecure and Inzenius to 40 sites with around 1,200 employees. It provides an authentication system using biometric technology that identifies users based on vein pattern recognition and connects with back office applications to automate payment.

PalmSecure:

- lets Menzies and its customers manage resources more effectively
- completes payroll paperwork instantly, freeing up internal resources
- helps Menzies attract new business and grow the company through its use of cutting edge technology.

*"Fujitsu PalmSecure has transformed how we manage over a thousand employees, providing a better experience for them and real-time management for us. It's bringing our organisation into the 21st century."*

**Greg Springall**, HR and Safety Manager, Menzies Group



### Future challenges for operating practices

#### Procurement:

- Prepare for modern slavery act FY18/19.
- Continue to increase number of Indigenous-owned businesses in our supply chain and spend per year.
- Greater use of local suppliers where the supply chain can be tested to ensure it meets our high standards.
- Ensuring that we manage our supplier categories to bring innovation to both our customers and own internal operations by adopting new ways of doing business.

#### Operating practices:

- Create a safety action plan.
- Review progress against all targets quarterly.